FUTURE FREE TRADE AREA NEGOTIATIONS

REPORT ON SIGNIFICANT MARKET OPENING

This report was prepared by the Office of the United States Trade Representative, in accordance with the North American Free Trade Agreement Implementation Act, Sec. 108 (b)(2).

May 1, 1997

INTRODUCTION

As required by Section 108 (b)(2) of the North American Free Trade Agreement implementing legislation (PL 103-182, 107 STAT 2057), the United States Trade Representative must submit to the President and to the Senate Committee on Finance and the House Committee on Ways and Means, no later that May 1, 1997, a "report on significant market opening." Specifically, this report is to identify those foreign countries (a) that currently provide fair and equitable market access for U.S. exports of goods and services and opportunities for export-related investment by U.S. persons, beyond what is required by existing multilateral trade agreements or obligations; or have made significant progress in opening their markets to U.S. exports of goods and services and export-related investment by U.S. persons; and (b) the further opening of whose markets has the greatest potential to increase U.S. exports of goods and services and export-related investment by U.S. persons, either directly or through the establishment of a beneficial precedent. This report, entitled **FUTURE FREE TRADE AREA NEGOTIATIONS: Report on Significant Market Opening**, fulfills this requirement.

While this report covers all regions of the world as well as selected countries, additional detail is provided on two regions, Latin America and Asia-Pacific, that are experiencing the strongest economic growth and have been the major focus of recent U.S. trade policy efforts on a regional basis.

Part I of this report provides a review of major developments that affect U.S. trade with countries and regions that meet the criteria set out in Section 108. Part II of the report provides economic data on top U.S. trading partners, ranked by U.S. exports for 1996, by GDP/GNP[1] for 1994, and by the U.S. share of total imports for 1995.

A second report, due July 1, calls for recommendations by the President for free trade area (FTA) negotiations with each foreign country selected on the basis of the information provided in the first report. This step requires a separate Presidential determination. Thus this first report is <u>not</u> intended to identify specific countries that might ultimately be selected for an FTA.

[1] Gross Domestic Product or Gross National Product where available.

PART I:
MAJOR REGIONS AND COUNTRIES WITH EXPORT MARKET OPPORTUNITIES

Latin America and the Caribbean

Overview

Economic Reforms and Growth

The Western Hemisphere is the largest regional destination for U.S. goods exports, accounting for almost 40 percent of U.S. goods exports in 1996. Goods exports to the Hemisphere in 1996 totaled $242 billion, while exports to Asia (excluding Japan and China) totaled $200 billion and exports to the 15 member states of the European Union amounted to approximately $128 billion. U.S. goods exports to the Hemisphere expanded by almost 76 percent between 1990 and 1996, while U.S. exports to the world grew by only 57 percent. However, U.S. exports to the rapidly developing markets of the Latin American and Caribbean countries (excluding Mexico) grew even more rapidly between 1990 and 1996, expanding by over 100 percent. Since 1991, the United States has consistently run a trade surplus with Latin America and the Caribbean, excluding Mexico.

The acceleration of regional economic growth in recent years is due to fundamental changes in economic, fiscal, and trade policy in Latin America. Many of the countries in the region have removed trade barriers, liberalized investment and services policy, privatized state enterprises, and put in place important economic reforms. All Latin American and Caribbean countries, except the Bahamas are now members of or in the process of acceding to the World Trade Organization (WTO).

This fundamental shift was recognized at the 1994 Summit of the Americas in Miami, where the 34 democratically elected leaders of the Western Hemisphere agreed to create a Free Trade Area of the Americas (FTAA) by 2005. Since then, the countries of the Hemisphere have been engaged in the process of constructing the FTAA. The United States has played a key role in this process, including acting as host for the 1995 Meeting of Trade Ministers in Denver.

Concurrent with the FTAA process has been ongoing work on the part of many of the countries of Latin America and the Caribbean to deepen and expand regional trading arrangements. MERCOSUR (Southern Common Market) and CARICOM (Caribbean Common Market) have both expanded the scope of their agreements, CARICOM by adding several countries, and MERCOSUR by signing free trade agreements with Chile and Bolivia. Bilateral and intra-bloc arrangements are also proliferating. Chile and Canada signed a free trade agreement (FTA) in 1996. Mexico and MERCOSUR are exploring the possibility of an FTA, and MERCOSUR and the Andean Pact countries are negotiating an FTA.

The United States is well-positioned to take advantage of the opportunities presented by the region's dynamic growth. U.S. companies are very competitive in the region. At the same time, however, Asia and Europe have become active in expanding their trade ties to the region. Latin America was China's second fastest-growing export market in 1995. Chile's largest export market is Japan, while the European Union (EU) constitutes the largest export market for MERCOSUR. The EU has stated that it expects to sign reciprocal trade agreements with MERCOSUR and Chile. The Latin American and Caribbean countries are responding positively to these overtures and are actively seeking to diversify their export bases. However, they also seek greater economic integration with the United States, which for most countries remains their largest single country trading partner.

U.S. Trade

The pattern of U.S. trade in goods with Latin America and the Caribbean (excluding Mexico) demonstrates the vitality of the trading relationship. Between 1990 and 1996, U.S. merchandise exports to the region have more than doubled, from $25.7 billion in 1990 to $52.5 billion in 1996.

U.S. exports have been concentrated predominantly in high-value-added products, such as consumer goods, capital equipment, and industrial supplies and materials. U.S. imports from Latin America are concentrated in agricultural products, industrial supplies and materials, and consumer goods.

Chile

Chile is the fifth largest economy among the United States' major export markets in the Latin America and the Caribbean region, with a GDP/GNP of $49.3 billion in 1994. Shipments of U.S. merchandise to Chile were valued at a record level of $4.1 billion in 1996 and accounted for 24.7 percent of Chile's total imports in 1995. Chile continues to demonstrate its outstanding economic success, posting yet another year of over 6 percent growth in 1996, with inflation down further and investment and savings as a share of GDP at record levels.

The Administration remains committed to fulfilling its commitment to a comprehensive trade agreement with Chile. An agreement with Chile is viewed as the right first step in the multifaceted Administration effort to build the FTAA.

Chile continues to pursue trade agreements with a variety of countries and regional entities. Market opening both in Chile and by its trading partners has been a key ingredient in Chile's economic success in recent years. Chile not only concluded an association agreement with MERCOSUR (the first of this type with MERCOSUR) but also concluded a comprehensive agreement with Canada that addresses tariffs, non-tariff measures, investment, services (except financial services), rules of origin, customs procedures, emergency action (i.e., safeguards), dispute settlement, telecommunications, temporary entry for business persons, competition policy and monopolies and state enterprises, antidumping and countervailing duties, labor, and the environment.

The Canada agreement is viewed by Chile and Canada as both an interim step to negotiating Chile's accession to the NAFTA and a strong bilateral market opening agreement in its own right. Chile also initiated negotiations in January 1997 with Mexico to expand the rules of its existing bilateral agreement on tariffs. In addition, Chile is pursuing market opening agreements with Central America, is part of APEC, has concluded a framework agreement with the EU to begin reciprocal trade negotiations, and continues its active pursuit of market opening with others in South America.

Sub Regions

To fully understand the trade flows in the region, as well as the opportunities and challenges facing the United States, one must look at the various trade arrangements that are in place or being negotiated in the region. The 1990s has seen the revival of a number of older trading blocs, including the Andean Pact, the Caribbean Community (CARICOM), and the Central American Common Market (CACM), as well as the creation of the Southern Common Market (MERCOSUR).

Throughout the 1990s, U.S. exports have increased to each of these major trading blocs. In the 1990-1996 period, exports to the Andean pact increased by 89 percent, to MERCOSUR by 177 percent, to the Central American Common Market by 116 percent, and to CARICOM by 30 percent.

These trading blocs are an added dimension of the U.S. export picture in the region. The constituent countries of these blocs represent important markets for the United States in and of themselves. At the same time, the economies of scale offered by these blocs offer the potential for even greater export opportunities.

Southern Region (Southern Common Market)

Summary: The Southern Common Market (abbreviated as MERCOSUR in Spanish and MERCOSUL in Portuguese) is the largest preferential trade agreement in Latin America. Consisting of Argentina, Brazil, Paraguay, and Uruguay, it contains two of the largest economies in Latin America, a combined GDP of just over $1 trillion (over half the GDP of Latin America), and a population of over 200 million. Two-way trade between the United States and the MERCOSUR was approximately $30 billion in 1996. The U.S. ran a merchandise trade surplus with MERCOSUR of $7.3 billion in 1996.

The 1991 Treaty of Asuncion and its amendments, contained in the 1994 Protocol of Ouro Preto, are the basis upon which MERCOSUR members are pursuing an eventual common market, with the free movement of goods, services, and the factors of production among the member states.

The implementation of the MERCOSUR customs union commenced January 1, 1995, with the establishment of a common external tariff (CET) covering 85 percent of MERCOSUR trade. The CET for the remainder of MERCOSUR's trade will be phased in through the year 2005.

Members of MERCOSUR signed a framework agreement with the EU in 1995. MERCOSUR and Chile concluded an association agreement that eliminates tariffs between MERCOSUR and Chile, with implementation beginning on October 1, 1996. Chile has not joined the MERCOSUR customs union, although additional discussions have been initiated to broaden the rules of the association agreement to cover services market access. Bolivia concluded a similar association agreement with MERCOSUR in December 1996. MERCOSUR has also been an important participant in the FTAA process. Brazil will host the Third Trade Ministerial in Belo Horizonte in May 1997, and Argentina chairs the FTAA Working Group on Subsidies, CVDs and Antidumping.

Brazil: Brazil is the single largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $472.5 billion in 1994. Shipments of U.S. merchandise to Brazil were valued at $12.7 billion in 1996 and accounted for 21.1 percent of Brazil's total imports in 1995.

Since 1990, Brazil has undertaken significant reform to open its previously tightly closed economy. The weighted average ad valorem tariff fell to 13.6 percent in 1996, down from 45 percent in 1986. Furthermore, a majority of quantitative restrictions have been eliminated. Brazil is also a privatizing a number of industries.

Since the initiation of the Real Plan in 1994 and the liberalization of Brazil's trade regime, U.S. exports to Brazil have increased dramatically in response to a pent-up demand from years of import restrictions in Brazil. Much of the expanded U.S. exports have been capital goods that will improve the efficiency of firms in Brazil.

Brazil is traditionally the largest trading partner of the United States in South America and the largest recipient of U.S. foreign direct investment in Latin America. Trade reform since 1990 has provided additional opportunities for U.S. firms. However, aspects of Brazil's trade and investment-related regime continue to present significant obstacles for U.S. exports. Brazil's regime for automobiles, which offers auto manufacturers reduced duties on imports of assembled cars and other benefits if they export sufficient quantities of parts and vehicles and promise to meet local content targets, is of particular concern.

Brazil passed a strong patent law in April 1996. The law contains pipeline protection and a one-year transition for providing pharmaceutical product patent protection. Thus, Brazil has accelerated its implementation of certain key provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). This strengthened intellectual property rights regime already has stimulated new investment commitments by international pharmaceutical firms.

Argentina: Argentina is the second largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $277.4 billion in 1994.

Shipments of U.S. merchandise to Argentina were valued at $4.5 billion in 1996 and accounted for 22.9 percent of Argentina's total imports in 1995.

Since 1989, Argentina has curtailed industrial production subsidies, abolished most price controls, outlawed restrictive practices and regulations impeding access to the Argentine market, and launched a fast-moving and largely successful privatization program. Argentine tariffs were reduced from an average of 22 percent to around 12 percent in 1996. The government abolished import-licensing requirements and most quantitative restrictions on imports. Argentina signed a bilateral investment treaty with the United States and joined the GATT Subsidies Code in 1991. However, Argentina's intellectual property rights regime, especially with respect to patents, is inadequate.

Paraguay: Paraguay is the thirteenth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $7.6 billion in 1994. Shipments of U.S. merchandise to Paraguay were valued at $897 million in 1996 and accounted for 19.3 percent of Paraguay's total imports in 1995.

In 1989, Paraguay embarked on an economic liberalization program to decontrol interest rates and to implement a market-determined exchange rate. An investment law enacted in January 1992 granted nondiscriminatory treatment to foreign investors. In June 1992, Paraguay reduced duties and eliminated a number of administrative nontariff barriers. Paraguay's average tariff of seven percent is the lowest among the MERCOSUR countries and one of the lowest in Latin America and the Caribbean, although the Government of Paraguay has raised tariffs on certain agricultural imports that compete with domestic production. Paraguay became a GATT member in 1993. Inadequate protection of intellectual property rights continues to be a source of concern. Legislation to improve protection of such rights has been introduced and is being considered in 1997. However, the lack of enforcement of existing laws remains a problem.

Uruguay: Uruguay is the seventh largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $14.9 billion in 1994. Shipments of U.S. merchandise to Uruguay were valued at $484 million in 1996 and accounted for 9.9 percent of Uruguay's total imports in 1995.

Uruguay's small, open, and trade-based economy generally maintains few restrictions on trade and investment, although the state retains a significant presence. Uruguay has no foreign exchange controls and limits price controls to a small number of products and public services. Nondiscriminatory treatment is provided for foreign investors, although investment in certain sectors (including hydrocarbons, banking, railroads, strategic minerals, and telecommunications) is restricted. Uruguay's tariffs range from zero to 20 percent. Legislation to improve protection of intellectual property rights is under consideration in the Uruguayan Congress.

Andean Region

Summary: The five member countries of the Andean Pact -- Bolivia, Colombia, Ecuador, Peru, and Venezuela -- have a combined internal market of 100 million people, a combined GDP of more than $260 billion, and an average per capita GDP of over $2,600. (Note: At the time of this report, Peru has indicated that it will not participate in the free trade area within the Andean Pact, and the other members are considering whether Andean Pact decrees apply to Peru.)

The Andean Pact countries have undertaken liberalization of their trade and investment regimes as a coordinated effort under the auspices of the Andean Pact. Free trade in a limited number of products has been in effect among the Andean Pact countries since the early 1980s. In 1996, the countries focussed on reforming the institutions which support their internal integration process -- agreeing to transform the Andean Pact institutions created in 1969 by creating the “Andean Community,” with a single Secretary General to replace the current five-member Junta.

In addition, the Andean Pact countries are moving toward greater integration with MERCOSUR. Bolivia concluded a free trade agreement with MERCOSUR, which took effect in April 1997, while the other members of the Andean Pact have begun negotiating a free trade agreement with MERCOSUR.

Each of the five Andean Pact countries also is taking part in the FTAA process, including participating in the eleven FTAA Working Groups. Colombia chaired the FTAA Trade Ministerial in March 1996, Peru chairs the Working Group on Competition Policy, and Bolivia chairs the Working Group on Customs Procedures and Rules of Origin.

Venezuela and Colombia have a free-trade agreement with Mexico (the G-3 FTA) which has been in effect since January 1, 1995. The G-3 Agreement is not as comprehensive as the NAFTA, but includes all of the same chapters as the NAFTA except the energy chapter. While some key areas are left for future negotiations, the "G-3" covers substantially all trade.

Colombia, Ecuador, and Venezuela continue to apply the Andean Pact common external tariff (CET), which took effect in early 1995. The CET has a structure of 5, 10, 15, and 20 percent, with exceptions for certain products. Bolivia maintains its lower, two-tier tariff structure of 5 and 10 percent. Peru, although currently a member of the Pact, will not apply the Pact's CET and will renegotiate existing tariff agreements with the other Pact Members.

The United States is the main export market for all Andean Pact countries except Bolivia. The United States exported an estimated $12.7 billion in 1996, while imports from the region totaled more than $20.0 billion. U.S. exports to the Andean countries grew by approximately 16 percent between 1992 and 1996. Trade has been encouraged generally by the United States through preferential tariff treatment, primarily under the Generalized System of Preferences (GSP) as well as the Andean Trade Preference Act (ATPA) (see below).

Bolivia: Bolivia is the fifteenth largest economy among the United States’ major export markets in the Latin American and Caribbean region, with a GDP/GNP of $5.5 billion in 1994. Shipments of U.S. merchandise to Bolivia were valued at $269 million in 1996 and accounted for 20.9 percent of Bolivia's total imports in 1995.

Bolivia has made strong economic advances since 1985, resulting from improved fiscal and macroeconomic policies. In addition, Bolivia has instituted trade reforms, lowering its maximum tariff to 10 percent and removing almost all non-tariff barriers. The assessment of additional fees on some products, however, continues to raise the cost of importing these goods.

Bolivia has removed restrictions on foreign investment and has launched a privatization program. Bolivia's existing IPR laws and their enforcement needs to be strengthened.

Colombia: Colombia is the third largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $60.6 billion in 1994. Shipments of U.S. merchandise to Colombia were valued at $4.7 billion in 1996 and accounted for 39.1 percent of Colombia's total imports in 1995.

Under an economic liberalization plan known as "apertura" (opening), in the early 1990s, Colombia substantially reduced tariffs, eliminated almost all import licensing requirements, simplified import and export procedures, established a free market exchange rate regime (with very few conditions), created transparent and more liberal foreign investment rules, and opened up nearly all sectors of the economy for foreign investment. The agricultural sector has been a general exception to this opening. Colombia's WTO bound tariff rates are between 35 to 40 percent ad valorem. Currently, Colombia's average applied tariff rate is about 12 percent ad valorem.

Colombia has largely eliminated investment screening, and the mechanisms that still exist are generally routine and non-discriminatory. Legislation grants national treatment to foreign direct investors and permits complete foreign ownership in virtually all sectors of the Colombian economy. Colombia has made improvements in the area of intellectual property rights (IPR). However, more needs to be done, and enforcement of IPR is a particular problem.

Ecuador: Ecuador is the eighth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $14.3 billion in 1994. Shipments of U.S. merchandise to Ecuador were valued at $1.3 billion in 1996 and accounted for 30.8 percent of Ecuador's total imports in 1995.

Ecuador has substantially liberalized its trade regime since 1990, resulting in a reduction of tariffs and tariff dispersion, elimination of most non-tariff surcharges, and enactment of an in-bond processing industry law. When it joined the World Trade Organization (WTO) in January 1996, Ecuador bound most of its tariff rates at 30 percent or less. Ecuador's average applied tariff rate is about 17 percent ad valorem.

Foreign investors are accorded the same rights of entry as Ecuadorian private investors, may own up to 100 percent of enterprises in most sectors without prior government approval, and face the same tax regime. There are no controls or limits on transfers of profits or capital, and foreign exchange is readily available. There are no performance requirements. A bilateral investment treaty with the United States that guarantees access to binding international arbitration was implemented in April 1997. Ecuadorian law provides inadequate protection for intellectual property rights (IPR), and it can be difficult to gain effective protection through the legal system.

Peru: Peru is the sixth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $49.0 billion in 1994. Shipments of U.S. merchandise to Peru were valued at $1.8 billion in 1996 and accounted for 26.7 percent of Peru's total imports in 1995.

As of April 1997, Peru has a two-tier tariff structure with a duty of 12 percent on the vast majority of imports and 20 percent on the remainder. The weighted-average applied tariff is less than 13 percent, down from 80 percent when President Fujimori took office in 1990. Almost all non-tariff barriers, including subsidies, import licensing requirements, import prohibitions, and quantitative restrictions, have been eliminated. Peru applies a value-added tax (VAT) of 18 percent to most products, and special consumption taxes, ranging from 10 to 50 percent, on certain items.

Peru has greatly liberalized its investment regime since 1990. National treatment for foreign investors is guaranteed in the 1993 constitution. Foreign investment does not require prior approval, except in banking and defense-related industries. There are no restrictions on remittances of profits, dividends, royalties, or capital. Peru has made recent changes in its intellectual property rights (IPR) regime, and further work needs to be done. IPR enforcement has been stepped up recently, but piracy remains widespread.

Venezuela: Venezuela is the fourth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $58.5 billion in 1994. Shipments of U.S. merchandise to Venezuela were valued at $4.7 billion in 1996 and accounted for 42.1 percent of Venezuela's total imports in 1995.

Venezuela's economic climate improved dramatically in 1996 as the government abandoned the foreign exchange and price controls it had enacted in 1994 to cope with a financial crisis in the banking sector. Under the banner "Agenda Venezuela," the Government of Venezuela introduced in April 1996 a series of reforms designed to put the Venezuelan economy back on a free-market footing. The government significantly reduced the long-standing subsidy on gasoline -- resulting in an immediate five-fold increase in pump prices -- and re-started its stalled privatization program.

As a result of the Uruguay Round, Venezuela bound most of its rates at 35 to 40 percent. Venezuela's average applied tariff rate is approximately 10 percent.

Venezuela's investment policy continues to be characterized by state involvement. The state controls key sectors of the economy, including oil, gas, iron ore, and much of the coal and petrochemical industries; parastatals dominate others, like steel and aluminum. The government, however, plans to privatize several major state enterprises during 1997, including a four-company aluminum complex, an iron and steel company, and a ferrosilicon plant. Foreign investment continues to be restricted in the petroleum sector. Venezuela has made improvements in the area of intellectual property rights (IPR), but more remains to be done. Enforcement of copyrights and trademarks continues to be weak.

Caribbean Region

Summary: Countries in the Caribbean region include members of the Caribbean Community and Common Market (CARICOM), the Dominican Republic, and Haiti. Current members of CARICOM are: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

CARICOM, formed in 1973 to supersede the Caribbean Free Trade Area, has an internal market of about 6.3 million people and an average GDP of approximately $2,500 per capita. The economies of member states are vulnerable to changes in commodity prices, erosion of preferential markets, and the impact of frequent hurricanes. International aid flows to the Caribbean have declined considerably in the past ten years. This economic environment has prompted CARICOM countries to begin to open and reform their economies, to become more competitive by improving their human resource base and quality of education, to improve public services, and to promote private sector investment and export services.

Despite its name, CARICOM currently operates as a customs union and not a common market. The CARICOM common external tariff (CET), first proposed in 1973, has not yet been implemented by all member countries. In 1992, member states agreed to reform and implement the CET, including a reduction over a six-year period of maximum rates on nonagricultural tariffs to 20 percent, with the maximum rate on agricultural products set at 40 percent. Member states are allowed to maintain their own import surcharges, licenses, quotas, and prohibitions, which substantially increase the level of protection for many goods.

A fully implemented common market would significantly enhance the market potential of countries in CARICOM. However, progress toward establishment of the CET has been limited. The 17th CARICOM Summit, held in July 1996, noted progress toward the establishment of a Common Caribbean Market and Economy, including the implementation of a CET and gradual elimination of such non-tariff barriers between CARICOM member states as licensing systems, quantitative restrictions, and discriminatory internal taxes. It was also noted that Barbados, Dominica, Grenada, Guyana, Jamaica, and St. Lucia had passed legislation to extend the right to work and reside to university graduates from other CARICOM countries. The Summit also approved a plan, proposed by CARICOM Central Bank governors, to improve currency convertibility and the convergence of the economies of CARICOM member states. While the 17th CARICOM Summit produced an ambitious agenda, implementation remains a challenge.

The Dominican Republic, the largest beneficiary of the Caribbean Basin Initiative program, does not belong to any regional trade association, but has increased cooperation with both Central America and CARICOM. There has been some discussion of a CARICOM-Dominican Republic trade agreement. Haiti, which is recovering from several years of political and economic difficulties, is focussing primarily on reviving its economy.

Dominican Republic: The Dominican Republic is the tenth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $10.1 billion in 1994. Shipments of U.S. merchandise to the Dominican Republic were valued at $3.2 billion in 1996 and accounted for 44.1 percent of the Dominican Republic's total imports in 1995.

The Dominican Republic has a market-determined exchange rate for most transactions. However, the Government of the Dominican Republic has taken no concrete steps to streamline the approval process for foreign investment or to lift restrictions on profit repatriation. Quantitative import restrictions have been replaced with tariffs, while the tariff schedule has been simplified to six categories with seven tariff rates ranging between five percent and 35 percent. The lack of adequate protection of intellectual property rights remains an ongoing problem.

Jamaica: Jamaica is the eighteenth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $3.9 billion in 1994. Shipments of U.S. merchandise to Jamaica were valued at $1.5 billion in 1996 and accounted for 75.9 percent of Jamaica's total imports in 1995.

Jamaica has been working toward trade liberalization, but progress has been impeded by poor macro economic policy and large debt obligations. The Jamaica - U.S. Bilateral Investment Treaty came into force in June of 1996. Jamaica also has an Intellectual Property Rights Agreement with the United States. Jamaica participated actively in the WTO negotiations on basic telecommunications, making an offer that included market access and national treatment for enhanced services, digital mobile services, international voice, data, and video transmission services to firms involved in information processing located within free zones, telecommunications equipment sales, rental, maintenance, connection, repair and consulting, and domestic data services. Jamaica serves as chair of the FTAA Working Group on Smaller Economies.

Trinidad and Tobago: Trinidad and Tobago is the sixteenth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $4.9 billion in 1994. Shipments of U.S. merchandise to Trinidad and Tobago were valued at $665 million in 1996 and accounted for 50.6 percent of Trinidad and Tobago's total imports in 1995.

Trinidad and Tobago has embarked on a program of gradual but consistent reductions in tariff and non-tariff barriers. The Bilateral Investment Treaty between Trinidad and Tobago and the United States has been in force since June of 1996. The two countries have also agreed to an Intellectual Property Rights Agreement.

Central American Region

The Central American Common Market (CACM) was created in 1960 and became effective in 1963. Its members are Guatemala, El Salvador, Honduras, Costa Rica, and Nicaragua. Panama, which has observer status, and Belize participate in CACM summits but not in regional trade integration efforts. The CACM and Panama, taken together, have created an internal market of over 30 million people, with a combined GDP of over $40 billion, and average GDP of about $1,300 per capita.

While participating in the FTAA process, CACM members continue to move toward regional integration. There are no duties for most products traded among CACM members, with certain exceptions, notably agricultural products. The CACM has a common external tariff (CET) which ranges between 5 and 20 percent on most products of non-CACM origin. Several of the Central American nations have jointly implemented measures to liberalize and harmonize their trade regime under the CACM. Guatemala, El Salvador, and Honduras, the so-called “northern triangle,” have adopted agreements to facilitate the movement of capital and labor.

In 1995, the members of the CACM agreed on reducing the CET to between 0 and 15 percent, but allowed each member country to determine the timing of the changes. In addition to the establishment of a CET, the specific objectives of the CACM integration process include elimination of tariffs and quantitative restrictions on intra-regional trade (including the removal of foreign exchange constraints), unrestricted movement of labor and capital, and the eventual harmonization of monetary and fiscal policies.

Although intra-regional trade is generally not subject to tariffs, several member states maintain non-tariff barriers, such as burdensome and selectively enforced sanitary, safety, and quality standards and import licenses for sensitive items. Ongoing discussions to remove these barriers have not been widely successful, as CACM members have only limited leverage for reform in the absence of dispute settlement and enforcement provisions. In addition, recent discussions have not produced a consensus with respect to the protection of intellectual property rights, foreign direct investment, and services (especially banking and telecommunications) in the context of regional integration. Progress in privatization has not been uniform. El Salvador has made dramatic strides in privatizing such industries as telecommunications, while others are moving at a slower pace. Panama, a CACM observer, has completed its accession to the WTO and is expected to take appropriate legislative measures to ratify its accession before the June 30, 1997, deadline.

Central American countries have been extremely active in the FTAA process. Costa Rica chairs the Working Group on Investment and will host the Fourth Trade Ministerial on February 1998. Honduras is the chair of the Working Group on IPR, and El Salvador chairs the Working Group on Market Access.

Costa Rica: Costa Rica is the eleventh largest economy among the United States’ major export markets in the Latin American and Caribbean region, with a GDP/GNP of $7.9 billion in 1994.

Shipments of U.S. merchandise to Costa Rica were valued at $1.8 billion in 1996 and accounted for 52.3 percent of Costa Rica's total imports in 1995.

Since late 1994, Costa Rica has eliminated quantitative restrictions and requirements for import licenses and permits for a variety of commodities. The import permits in many cases have been replaced by tariffs. Most applied tariffs range from 1 to 28 percent as valorem. Government monopolies in important sectors, including telecommunications, electric power production and distribution, and insurance, represent a significant non-tariff barrier to U.S. private investment. By law expropriations are to occur only after payment has been made in full; however, expropriations made prior to 1995, as well as land invasions by squatters, remain unaddressed.

El Salvador: El Salvador is the twelveth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $7.6 billion in 1994. Shipments of U.S. merchandise to El Salvador were valued at $1.1 billion in 1996 and accounted for 40.2 percent of El Salvador's total imports in 1995.

There are no legal barriers to U.S. exports of manufactured goods or bulk, non-agricultural commodities to El Salvador. Most U.S. goods face tariffs ranging from 0 to 20 percent, with rates scheduled to fall further by 1999. While higher duties are applied to automobiles, alcoholic beverages, textiles, and some luxury items, the Government of El Salvador may incorporate these excepted products into its general tariff schedule as it implements the 1996-99 reductions. Building on its 1994 intellectual property law, El Salvador has taken steps to protect intellectual property and enforce the rights of intellectual property holders. El Salvador has an open investment regime.

Guatemala: Guatemala is the ninth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $12.4 billion in 1994. Shipments of U.S. merchandise to Guatemala were valued at $1.6 billion in 1996 and accounted for 46.8 percent of Guatemala's total imports in 1995.

Guatemala formally implemented the CACM common external tariff effective November 1, 1992. Price bands for corn and rice were eliminated in late 1995, but Guatemala has yet to formally eliminate price bands for sorghum. Additionally, Guatemala continues to employ a reference price methodology to value poultry imports. While Guatemala is making efforts to modernize its intellectual property regime, its protection of such property remains inadequate. Investment legislation designed to assure national treatment, clarify rules, and speed registration was adopted in 1995, but has yet to be implemented. Restrictions on foreign investment remain in several sectors of the economy, including public utilities, auditing, insurance, mineral exploitation, forestry, and the media.

Honduras: Honduras is the nineteenth largest economy among the United States' major export markets in the Latin American and Caribbean region, with a GDP/GNP of $3.5 billion in 1994. Shipments of U.S. merchandise to Honduras were valued at $1.6 billion in 1996 and accounted for 55.5 percent of Honduras's total imports in 1995.

Honduras is working toward the full implementation of the CACM’s common external tariff. The Government of Honduras has drafted and submitted to the legislature amendments intended to address shortcomings found in Honduras's 1993 copyright law, but that legislation has been pending for more than two years. Honduras’s 1992 investment law provides transparent regulations, a reduction in discretionary government intervention, and nondiscriminatory treatment for foreign investors, but also requires majority Honduran ownership in certain areas, such as investments in commercial fishing, direct exploitation of forest resources, local transportation, and those areas benefiting directly from the national agrarian reform law. Honduras has signed a Bilateral Investment Treaty with the United States that has not, to date, been ratified. It is also in the process of negotiating an Intellectual Property Rights Agreement with the United States.

Nicaragua: Nicaragua is the twenty-fourth largest economy among the United States’ major export markets in the Latin American and Caribbean region, with a GDP/GNP of $30.2 billion in 1994. Shipments of U.S. merchandise to Nicaragua were valued at $262 million in 1996 and accounted for 26.3 percent of Nicaragua’s total imports in 1995.

Nicaragua is working toward the full implementation of the CACM’s common external tariff. Nicaragua also imposes a variety of import fees and employs a price band mechanism for certain agricultural products. Inadequate protection of intellectual property and investment restrictions (including expropriation disputes) remain significant current issues. Nicaragua has signed a Bilateral Investment Treaty with the United States, which to date has not been ratified, and is negotiating an Intellectual Property Rights Agreement with the United States.

Panama: Panama is the fourteenth largest economy among the United States’ major export markets in the Latin American and Caribbean region, with a GDP/GNP of $6.7 billion in 1994. Shipments of U.S. merchandise to Panama were valued at $1.4 billion in 1996 and accounted for 12.5 percent of Panama’s total imports in 1995.

Panama's October 1996 accession to the World Trade Organization (WTO), when completed, will result in tariff protection of 30 percent on non-agricultural products. In December 1996, the government issued a decree reducing tariffs on some items, converting other tariffs to ad valorem, and eliminating non-tariff barriers on non-agricultural items, although Panama's agricultural sector is still heavily protected by such barriers. Law 15 of 1994 (the Copyright Law) and Law 35 of 1996 (the Industrial Property Law) provide the framework for protection of intellectual property in Panama. Panama’s accession to the WTO in 1996 required it to implement the WTO Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPs) upon the date of accession, with no transition. Panama has been deficient in meeting this obligation. A limitation in Panamanian law on foreign government ownership of land affects a few U.S. Government insurance programs, but places no legal limitations on foreign private investment or ownership. The United States/Panama Bilateral Investment Treaty has been in force since 1991.

U.S. Trade Preference Programs

Andean Trade Preference Act

On December 4, 1991, President George Bush signed the Andean Trade Preference Act (ATPA), a preference program designed specifically to encourage the development of licit trade by Bolivia, Colombia, Ecuador, and Peru. Bolivia and Colombia were designated as beneficiaries in 1992, while Ecuador and Peru were designated as beneficiaries in 1993. Modeled after Caribbean Basin Economic Recovery Act (details of which are provided below), the ATPA is set to expire in 2001.

Caribbean Basin Initiative/Caribbean Basin Economic Recovery Act

The Caribbean Basin Initiative (CBI) was created by the Congress in 1984 to promote the economic revitalization of the Caribbean Basin through tariff preferences. Twenty-eight countries and territories are potentially eligible for benefits under the terms of the Caribbean Basin Economic Recovery Act (CBERA): Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Barbados, Belize, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, Cayman Islands, Montserrat, Netherlands Antilles, Saint Kitts-Nevis, Turks and Caicos Islands, and British Virgin Islands.

Currently 24 countries, territories, and successor political entities receive CBI benefits. The following 20 countries were designated on January 1, 1984: Antigua and Barbuda, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago. The Bahamas was designated on March 14, 1985. On April 11, 1986, Aruba was designated retroactive to January 1, 1986, upon becoming independent of the Netherlands Antilles. Guyana was designated effective November 24, 1988. Nicaragua was designated effective November 13, 1990. Panama's beneficiary status under CBERA was suspended on April 9, 1988, making it the first country to lose its designated status, and was restored effective March 17, 1990.[2]

Under the CBERA, U.S. duties are eliminated on all products from the CBI beneficiaries, except for textile and apparel products subject to textile agreements; petroleum; canned tuna; footwear; certain leather goods (which are eligible for reduced duties); and certain watches and watch parts. Sugar imports are duty free up to the level of individual country quotas. Two-way trade between the United States and CBI countries has expanded considerably since the program began in 1984. In 1996, U.S. exports to CBI countries totaled $16.4 billion, while imports from these countries were $14.6 billion, leaving the United States with a positive trade balance of $1.8 billion.

[2] The following eligible countries and territories have not officially requested beneficiary status: Anguilla, Cayman Islands, Suriname, and Turks and Caicos Islands.

Exports of textiles and apparel to CBI countries have grown significantly since 1983, largely as a result of the “9802” tariff program, under which import duties are levied only on the value added by assembly abroad of U.S.-made components. The introduction in 1986 of the Guaranteed Access Level Program also contributed to the increase in both CBI and U.S. exports. This special access program provides liberalized quotas and market access guarantees for CBI apparel exports made of components cut in the United States from 100 percent U.S.-manufactured fabric.

The CBI Program, originally designed to expire in 1995, was made permanent in 1990. In addition, reduced tariffs were provided for several leather goods and for non-apparel products assembled in CBI countries from 100 percent U.S. components. The program was enhanced in September 1991, with new or expanded duty-free coverage provided to 94 products.

Asia-Pacific Region

Overview

Economic Reforms and Growth

The Asia-Pacific region encompasses the most dynamic economies in the world. It also is characterized by significant diversity in levels of development, size, language, and cultures. Nevertheless, this region collectively, and countries in the region individually, have already had a significant impact on global growth. Pacific Rim countries will continue to serve as a key element in fueling growth for the foreseeable future. These trends have been fostered by important unilateral, bilateral, and multilateral efforts by the Asia Pacific Economic Cooperation (APEC) members to deregulate their economies and integrate them more fully into the global trading system. The 18 members of APEC are Australia, Brunei Darussalam, Canada, Chile, People’s Republic of China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan (Chinese Taipei), Thailand, and the United States.

The dynamic, developing Asian economies continue to grow at approximately three times the rate of the established, industrialized countries. This growth is also reflected in income levels and output. Just three decades ago, Asia contributed only 8 percent of the world's GDP. Today, Asia commands almost 30 percent of global GDP.

Within the Asia Pacific region, several major regional trading arrangements -- the NAFTA, the Australia-New Zealand Closer Economic Relations Agreement (CER), and the recent ASEAN initiative to form an ASEAN Free Trade Agreement (AFTA) -- coexist. Some possibilities exist in the future for exploring the relationship among these arrangements. Other regional economic and trade arrangements include the South Asian Association for Regional Cooperation (SAARC) and the Indian Ocean Rim Association for Regional Cooperation (IORARC).

U.S. Trade

Since 1990, U.S. merchandise exports to all of Asia have increased at a rapid pace, growing from nearly $120 billion to approximately $200 billion in 1996. Much of what Asia needs to continue its growth patterns are goods and services in which the United States is a dominant global producer: aircraft, financial services, telecommunications, and infrastructure. Therefore, we anticipate continued growth in U.S. exports, particularly as income levels and markets develop further. Trade and investment among APEC members within Asia and with other trading partners across the Pacific is also increasing. Nevertheless, the U.S. continues to serve as an important market, if not the dominant market, for many APEC products.

Sub Regions

Asia Pacific Economic Cooperation (APEC)

Summary: All APEC members are either members of, or are currently acceding to, the WTO disciplines. The People's Republic of China (PRC) and Taiwan (Chinese Taipei) currently are engaged in negotiations toward their membership. All APEC/WTO members played an active role in Uruguay Round negotiations.

In 1994, APEC Leaders set a goal of free and open trade and investment by 2010 for APEC’s industrialized economies and 2020 for its developing economies. In 1995, APEC developed the Osaka Action Agenda which laid out the action plan to achieve that goal. In 1996, APEC made some valuable contributions to trade liberalization, both within the forum and in the WTO. First, the APEC Leaders endorsed the Information Technology Agreement, subsequently agreed upon in the WTO, whereby countries accounting for over 90 percent of global trade agreed to zero tariffs on semiconductors, computers, telecommunications, and other information technology products. In addition, the APEC Telecommunications Group endorsed non-binding, pro-competitive principles for open basic telecommunications systems, principles which subsequently were incorporated into the WTO Agreement on Basic Telecommunications Services. Finally, APEC economies developed individual and collective action plans that detailed the short-term liberalization and facilitation steps that economies would take to meet the Bogor and Osaka targets of free and open trade.

ASEAN: The Association of Southeast Asian Nations (ASEAN) was founded in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand to promote regional cooperation. Brunei Darussalam joined in 1984, soon after attaining full independence, and Vietnam joined in 1996. Laos, Cambodia, and Myanmar are slated to join ASEAN in July 1997. Approximately 400 million people live in the seven ASEAN countries, which had a combined GDP/GNP of $523.8 billion in 1994.

In January 1992, ASEAN took its most important step to date toward increasing economic integration when its members agreed to establish the ASEAN Free Trade Area (AFTA). Under AFTA, tariff rates on imports of some manufactured goods and agricultural products from other ASEAN countries will be reduced to five percent or less by 2003 (2006 for Vietnam). Some products covered by AFTA are scheduled for accelerated tariff reduction, including textiles, electronics, and pharmaceuticals. In addition, ASEAN has expanded the scope of the AFTA to include agreements on IPR, investment cooperation, and services. In implementing the AFTA, ASEAN has also included unprocessed agricultural commodities in the tariff phase-out scheme and placed more focus on the elimination of non-tariff measures such as customs surcharges and technical barriers to trade.

The ASEAN countries have grown dramatically in the past decade, due in part to a drive to increase exports. Between 1991 and 1994, the economies of the ASEAN countries (excluding Vietnam) expanded by nearly 50 percent, growing from $345 billion to $509 billion. Assisted by the high level of growth, U.S. exports to ASEAN have also risen rapidly; from $28 billion in 1993 to $43 billion in 1996. U.S. trade with the seven ASEAN countries (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam) continued to grow rapidly in 1996, with two-way trade reaching approximately $110 billion.

Brunei: Brunei is the eighteenth largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $4.4 billion in 1993. Shipments of U.S. merchandise to Brunei were valued at $375 million in 1996 and accounted for 5.9 percent of Brunei's total imports in 1995.

In 1993, Brunei joined the General Agreement on Tariffs and Trade. Oil and gas production account for over 75 percent of Brunei's GDP and 99 percent of its export revenues.

Indonesia: Indonesia is the seventh largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $167.6 billion in 1994. Shipments of U.S. merchandise to Indonesia were valued at $4.0 billion in 1996 and accounted for 9.5 percent of Indonesia's total imports in 1995.

In May 1995, the Indonesian Government unveiled a comprehensive tariff-reduction package which covers roughly two-thirds of all traded goods and which is designed to reduce most tariffs to under 5 percent by 2003. However, some products in the automotive, chemical, metal, and agriculture sectors are excluded. The deregulation packages announced in January and June 1996 advanced some of this tariff reform. Also, Indonesia participated in both the Information Technology Agreement (ITA) and the WTO negotiations on basic telecommunications services.

Indonesia retains significant barriers to trade in services and investment. Also, the 1996 pioneer auto program modified the existing, WTO-inconsistent auto policy to grant tax and tariff exemptions to wholly owned Indonesian companies that use a unique Indonesian-owned trademark. Finally, generally on intellectual property rights (IPR), Indonesia does not provide adequate protection of well-known marks or effective enforcement efforts aimed at software piracy at the retail and end-user levels. However, the Indonesian Government has demonstrated willingness to address the problem of use of pirated software by ministries. In 1997, the parliament passed revised copyright, patent, and trademark laws.

<u>Malaysia:</u> Malaysia is the tenth largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $68.6 billion in 1994. Shipments of U.S. merchandise to Malaysia were valued at $8.5 billion in 1996 and accounted for 21.3 percent of Malaysia's total imports in 1995.

On a unilateral basis, Malaysia has gradually reduced import barriers, including tariffs, on a wide range of products. Duties on a trade-weighted basis average less than 10 percent. However, duties on some products remain relatively high, and in some cases have been increased to regulate imports. Malaysia maintains high tariffs and local content requirements in order to promote the domestic automobile industry. Malaysia has made progress in strengthening the protection and enforcement of intellectual property rights (IPR), and plans to adopt additional legislation in order to attract high-technology investment to the proposed "Multimedia Super Corridor" (MSC). In the areas of government procurement, services and investment policy, the Malaysian Government maintains a number of preferences to promote local businesses with ethnic Malay ownership.

<u>The Philippines:</u> The Philippines is the twelfth largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $63.7 billion in 1994. Shipments of U.S. merchandise to the Philippines were valued at $6.1 billion in 1996 and accounted for 18.4 percent of the Philippines's total imports in 1995.

The Philippine Government continues to liberalize the economy and attract capital for infrastructure and other developmental programs. The Philippines in 1996 implemented broad tariff reductions which are generally in line with its Uruguay Round commitments and stated goal of adopting a uniform 5 percent tariff rate by the year 2004. However, in some sectors high tariffs and non-tariff barriers, as well as restrictive licensing practices for agricultural imports, continue to be areas of concern. The benefits of many of these tariff reductions and market-opening reforms are eroded by non-transparent and irregular customs practices. Enforcement of intellectual property rights continues to improve since the 1993 conclusion of a bilateral IPR agreement with the United States. However, the Philippines has not yet passed comprehensive IPR legislation to bring its regime up to minimum world standards.

<u>Singapore:</u> Singapore is the eleventh largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $65.3 billion in 1994. Shipments of U.S. merchandise to Singapore were valued at $16.7 billion in 1996 and accounted for 15.1 percent of Singapore's total imports in 1995.

Singapore has one of the most open economies and maintains the lowest tariff rates in the region; 96 percent of imports enter duty-free. In the Uruguay Round, Singapore agreed to bind 70 percent of its tariff lines. Singapore does, however, retain barriers to trade in some sectors, for example, financial services. According to industry estimates, Singapore has the lowest rate of intellectual property piracy in Asia, although software piracy remains a concern. While its IPR regime is generally strong, Singapore has decided against accelerated implementation of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs); opting instead to exploit the developing country phase-in period. In 1996, Singapore became a signatory to the WTO Government Procurement Agreement.

Thailand: Thailand is the eighth largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $139.8 billion in 1994. Shipments of U.S. merchandise to Thailand were valued at $7.2 billion in 1996 and accounted for 11.5 percent of Thailand's total imports in 1995.

In recent years Thailand has gradually reduced tariffs on a range of goods. In 1996, the average trade-weighted tariff was 17 percent; down from 21 percent in 1995. However, non-transparent and irregular customs procedures are a significant concern to U.S. companies, and have reduced the impact of Thailand's market opening reforms . Tariffs on a range of agricultural products remain relatively high. Thailand also continues to deregulate the financial sector, in an effort to attract overseas capital; but retains certain restrictions on foreign financial services providers. U.S. investment in Thailand is covered by the 1966 Treaty of Amity and Economic Relations, which provides for the better of national or MFN treatment in most sectors. Thailand has substantially improved its intellectual property rights regime since 1992, and continues to work toward the adoption of improved patent legislation. Thai authorities have improved IPR enforcment activities, which continues to be a priority for the United States.

Closer Economic Relations Trade Agreement: In an effort to expand trade between the two countries, Australia and New Zealand established the Closer Economic Relations Trade Agreement (CER) in 1983. The CER, which was built upon a series of preferential bilateral agreements from the 1960s and expanded progressively over time, is comprehensive in both its rules and in the scope of trade covered. After a 1988 review, trade in services was brought into the agreement for the first time. By 1990, the CER abolished all border restrictions to trade in goods, including tariffs, quantitative restrictions, import and export prohibitions, and export incentives and export restrictions. Trans-Tasman antidumping provisions were removed, and the harmonization of business law and the application of trade practices legislation came into effect.

In November 1996, a Single Aviation Market (SAM) was created within and between Australia and New Zealand. Also in 1996, the two nations signed a Mutual Recognition Arrangement, signed and implemented the Agreement Establishing a System for the Development of Joint Food Standards, and exchanged letters on arrangements for inspecting imported food.

Since the CER Agreement was signed in 1983, total trans-Tasman trade has grown at an annual average rate of about 12 percent. The economies of both countries have grown at slower rates than those of other developed APEC countries -- 3.1 percent for Australia and 2.3 percent for New Zealand.

U.S. exports to Australia and New Zealand have grown less dramatically than to the rest of the Asia-Pacific region. From 1995 to 1996, U.S. merchandise exports to Australia grew 11.2 percent and to New Zealand by 2.0 percent. In 1996, the United States had a trade surplus of $8.1 billion with Australia and $263 million with New Zealand.

Australia: Australia is the fourth largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $320.4 billion in 1994. Shipments of U.S. merchandise to Australia were valued at $12.0 billion in 1996 and accounted for 21.9 percent of Australia's total imports in 1995.

The Government of Australia is continuing a policy of economic reform begun in the 1980s to make Australia a more competitive global economy. Australia was an active participant in the Uruguay Round negotiations and is an original member of the WTO. In addition, like New Zealand, Australia is an important advocate of international trade liberalization in the Asia-Pacific region, particularly through its participation in APEC.

As calculated for Australia's WTO trade policy review, the trade weighted average tariff was 4.1 percent in 1993/94; a projected 2.8 percent in 1996/97; and a projected 2.2 percent in 2000/01. This represents a 72 percent tariff reduction compared to 1987. With the conclusion of the Uruguay Round, Australia bound over 94 percent of its industrial tariff lines. As part of its APEC Individual Action Plan (IAP), Australia has committed to further tariff liberalization.

New Zealand: New Zealand is the fourteenth largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $46.7 billion in 1994. Shipments of U.S. merchandise to New Zealand were valued at $1.7 billion in 1996 and accounted for 18.7 percent of New Zealand's total imports in 1995.

New Zealand unilaterally instituted a program of significant tariff liberalization in December 1985, announcing that tariffs on goods not produced in New Zealand would be cut to zero unless trade policy considerations dictated otherwise. In 1988, the government reported that 93 percent of imports entered duty-free and instituted a multi-year program to reduce remaining tariffs. By July 1, 1996, the tariffs on most goods manufactured in New Zealand fell within the range of 5 to 15 percent. On December 16, 1994, New Zealand a announced further unilateral tariff reduction plan for July 1, 1997 through July 1, 2000, that will reduce all remaining tariffs to no more than 15 percent.

It is the stated policy of the government that opening the New Zealand economy to competition, particularly international competition, is a key element of a successful growth and employment strategy. Thus, tariff reductions after 2000 are scheduled for review in 1998. Under the terms of the new Coalition Agreement establishing the present government, the 1998 review is to proceed "taking into account the policies and progress of other trading partners."

Other APEC: The market opening measures in the Asia-Pacific region have had a significant effect on U.S. exports. Since 1990, U.S. exports to Asia have grown by over 70 percent. In 1996, U.S. trade across the Pacific is estimated to have exceeded our trans-Atlantic trade by more than 75 percent. This section provides information on some of the economies in the Asia-Pacific region.

Japan: Japan, with a GDP of $4.3 trillion in 1994, is the world's second largest economy and largest trading partner for the United States' in the Asia-Pacific region. Shipments of U.S. merchandise to Japan were valued at $67.5 billion in 1996 and accounted for 22.6 percent of Japan's total imports in 1995.

The Joint Statement on the United States - Japan Framework for a New Economic Partnership (the Framework), signed on July 12, 1993, continues to serve as the fundamental basis for U.S. trade policy towards Japan. The Framework addresses both sectoral and structural issues with the objective of substantially increasing access and sales of competitive foreign goods and services through market-opening and macroeconomic measures.

The United States and Japan have concluded 25 agreements since President Clinton took office, including the following agreements under the Framework: auto and auto parts, insurance and financial services, and government procurement of telecommunications and medical technologies. The United States places a high priority on implementation of our trade agreements and U.S. exports in those sectors covered by these agreements have increased at a rate significantly faster than in other sectors.

Nevertheless, there remain substantial barriers to market access in Japan. Over a period of decades, Japan erected a complex system of government support policies and regulations, combined with lax competition policy enforcement, which effectively hinders foreign goods and services from fairly competing in Japan. The United States is utilizing both bilateral and multilateral means to address these issues. The United States filed a case with the WTO dispute settlement body regarding Japan's consumer photographic film and paper market which details many of these practices on the part of the Japanese Government. In addition, the United States also continues to pursue greater market access through bilateral talks in a several sectors, including civil aviation, telecommunications, and paper.

China: China is the second largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $631.2 billion in 1994. Shipments of U.S. merchandise to China were valued at $12.0 billion in 1996 and accounted for 12.2 percent of China's total imports in 1995.

Since 1992, the United States has made progress toward opening China's market to U.S. goods and services. Over the past five years, the United States has successfully negotiated landmark trade agreements with China that have resulted in increased market access for a range of goods and services through reduced tariff and non-tariff barriers.

On October 10, 1992, the United States and China signed a Memorandum of Understanding (MOU) on market access that commits China to significant liberalization of key aspects of its import administration, including reduction of trade barriers and gradual opening of its market to U.S. exports. This MOU resolved a 301 investigation initiated by the U.S. Government that started on October 10, 1991. The investigation examined four broad areas: the absence of transparency; import licensing requirements; import quotas, restrictions, and controls; and standards and certification requirements.

In 1992, the United States and China signed an MOU that committed China to strengthen its intellectual property rights (IPR) legal regime. On February 26, 1995, the United States and China signed an IPR Agreement designed to ensure both a crackdown on piracy and real market access for the intellectual property industry. In May 1996, when it became clear that China was not fully implementing this MOU, the Clinton Administration threatened to impose approximately $2 billion worth of sanctions on Chinese goods if China did not take action to stop piracy and improve market access. Subsequently, China closed 15 illegal CD factories and, in June 1996, the United States and China exchanged information in an IPR Accord that detailed the steps that China had taken and would take in the future to ensure effective implementation of the 1995 Agreement. Over the past 10 months, China has taken significant steps to crack down on piracy including closing 9 more factories between May and June 1996, and 28 production facilities between September 1996 and March 1997.

In February 1997, the United States and China renewed their bilateral textile agreement. The new agreement enhances market access opportunities for U.S. exports of textiles and apparel, includes additional protection against circumvention, and effectively controls China's exports to the United States.

These bilateral agreements demonstrate the significant progress that has been made in China. However, there remains a great deal of work to be done before China's market is sufficiently open to U.S. exports. China's growing economic strength, coupled with its focus on boosting competitiveness in certain export-oriented industries, requires continued vigilance by the Administration to ensure China's policies and practices are consistent with existing bilateral agreements and are in line with international rules.

In this light, the Administration is committed to supporting China's accession to the World Trade Organization (WTO) -- but only on the basis of a commercially meaningful protocol package. Recognizing that China is undergoing complex economic reform, USTR has approached WTO accession negotiations flexibly and pragmatically, with the understanding that the outcome must secure solid commitments from China to provide market access and follow WTO rules.

Taiwan: Taiwan is the sixth largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $257.0 billion in 1994. Shipments of U.S. merchandise to Taiwan were valued at $18.4 billion in 1996 and accounted for 18.6 percent of Taiwan's total imports in 1995.

In March 1994 and July 1995, the Taiwan authorities cut tariffs on many industrial products at the behest of the United States. Taiwan's average nominal tariff rate is 8.6 percent, and the trade-weighted rate is 4.7 percent. Taiwan's participation in the Information Technology Agreement will result in further tariff reductions in information technology products.

Taiwan wishes to accede to the World Trade Organization (WTO). The United States has conducted extensive bilateral negotiations with Taiwan, especially during 1996 and early 1997. In these negotiations, Taiwan has agreed to further lower tariffs on some U.S. agricultural products, to open its services market significantly, to liberalize restrictions on U.S. beer and distilled spirits products, and to remove restrictions in its government procurement market.

In recent bilateral discussions, Taiwan has agreed to tighten further enforcement of intellectual property rights. Other bilateral talks resulted in substantial market opening in terms of telecommunications services and medical equipment.

Taiwan also aims to develop into an Asia-Pacific regional operations center, creating a further drive toward trade, investment, and financial liberalization. Continuing growth in the Taiwan economy of about 6 percent per year together with on-going trade liberalization provide opportunities for increasing U.S. exports, especially in the agricultural area.

<u>Korea</u>: Korea is the third largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $367.6 billion in 1994. Shipments of U.S. merchandise to Korea were valued at $26.6 billion in 1996 and accounted for 22.5 percent of Korea's total imports in 1995.

Korea is the United States' fifth largest export market, and our third largest agricultural market. Although the United States enjoyed a $3.9 billion trade surplus with Korea in 1996, U.S. industry describes Korea as one of the toughest markets in the world for doing business. In the past decade, Korea removed a wide range of quantitative restrictions and average tariffs have been lowered to 7.9 percent. The Korean economy has grown significantly as a result of this relatively more open domestic market, and U.S. exports have expanded rapidly. However, access to the Korean market continues to be hindered by trade barriers rooted in ambiguous and non-transparent regulations which affect food safety and labeling, licensing, inspections, type approval, and other standards. Many of these technical barriers to trade are inconsistent with international norms.

In 1996, Korea became the twenty-ninth member of the OECD. In the context of its accession negotiations, Korea committed to certain financial and investment-related reforms. Korea participated in both the Information Technology Agreement and the WTO agreement on basic telecommunications services in early 1997, with modest trade and investment liberalizing results. The United States is consulting bilaterally with Korea on government interference in Korea's telecom sector and under WTO auspices on customs clearance problems. Korea has made progress on improving IPR protection, but deficiencies remain and Korea has claimed developing country status to delay implementation of its WTO TRIPS commitments.

South Asia

Summary: The countries of South Asia (India, Pakistan, Bangladesh, Sri Lanka, Nepal, the Maldives, and Bhutan) have a combined GDP of over $390 billion with 1996 imports from the

United States of over $5 billion. The seven countries discuss economic and trade issues periodically in an arrangement known as the South Asian Association for Regional Cooperation (SAARC). In addition, in March 1997, the first meeting of the Indian Ocean Rim Association for Regional Cooperation (IORARC) was held. Its fourteen members are committed to promoting liberalization of goods, services, investment and technology within the region. India and Australia played a major role in creating the organization. India and Pakistan are the dominant U.S. trading partners in the region.

India: India is the fifth largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $292.4 billion in 1994. Shipments of U.S. merchandise to India in 1996 were valued at $3.3 billion and accounted for 9.7 percent of India's total imports in 1995.

Following a severe balance of payments crisis in 1991, the Indian Government introduced a number of significant economic reforms and also sought closer commercial and diplomatic ties with the United States. Subsequent governments have publicly articulated their economic policies as reform orientated at a more deliberate pace. Economic and commercial relations have improved considerably as a result of Indian efforts at economic reform and the attraction of India for the U.S. export of goods, services, and investment. India's enormous market coupled with the promise of further economic liberalization have resulted in increasing interest in India. However, the considerable economic and commercial potential of India still remains to be realized.

Until recently, India's complex web of market access barriers was a serious and longstanding impediment to most U.S. exports and investment. Although considerable progress has been realized since 1991, significant access barriers remain, especially for goods that can be produced domestically such as agricultural and consumer items. India's average tariff rate is still high by East Asian standards at 20 percent. Approximately 40 percent of India's import line items are subject to licensing restrictions, the vast majority of which India attempts to justify under the WTO balance of payments (BOP) provisions. This matter is the subject of consultations with the WTO BOP Committee.

India has been on the Special 301 "priority watch list" since 1994 and the United States and India are litigating in a WTO dispute settlement panel India's failure to implement the "mailbox" provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). India joined the ITA in March of 1997 and made a modest offer in the WTO telecommunications services negotiations that concluded in February 1997.

Pakistan: Pakistan is the thirteenth largest economy among the United States' major export markets in the Asia-Pacific region, with a GDP/GNP of $54.3 billion in 1994. Shipments of U.S. merchandise to Pakistan in 1996 were valued at $1.3 billion and accounted for 9.3 percent of Pakistan's total imports in 1995.

Pakistan has made progress in recent years in liberalizing import restrictions, but tariffs remain high -- up to 65 percent -- on many products, and some items still are subject to bans or quantitative restrictions. On March 31, 1997, the Pakistani Government announced a tariff simplification reform, including lowering maximum tariffs to 45 percent, as part of a broader structural adjustment plan.

Pakistan provides statutory national treatment to foreign investment in most industrial sectors, but not in non-industrial sectors. Local content requirements have been reported in the automobile, electronics, electrical products, and engineering industries under Pakistan's "deletion program," although participation in that program ostensibly is not compulsory. Pakistan's investment barriers are especially severe in services sectors such as banking, insurance, transportation, and telecommunications. In the WTO Agreement on Basic Telecommunications Services, Pakistan made commitments on basic telecommunications services, with phase-in of some obligations. In that agreement, Pakistan agreed to permit foreign ownership or control of all telecommunications services and facilities by 2004.

Copyright piracy remains a particularly serious problem in Pakistan. Strengthened law enforcement has had some impact against video piracy, but IPR piracy of computer software, textile designs, and reprinted books continues virtually unabated. In February, 1997, Pakistan implemented its obligation under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) to establish a "mailbox" system for agricultural chemical and pharmaceutical product patent applications. Pakistan remains on the Special 301 "watch list."

Sub-Saharan Africa

Overview

Economic Reforms and Growth

While political turmoil and violence continue to hold back development in various African countries, there has been a clear shift among some thirty Sub-Saharan countries from political instability and economic exploitation to political and market reform in this decade. Over the years, Sub-Saharan countries have tried many approaches to economic coordination of their economies. Some, such as the Organization for African Unity, are continental in breadth with 53 countries as members and long range in objectives, that is a free trade area by the year 2020. Others are more narrowly defined, such as the South African Customs Union (SACU)[3] which was founded in 1910 to deal with tariff and trade flows through South Africa to its small neighbors, some of which are landlocked (Botswana, Lesotho and Swaziland). Some efforts, like the Cross Border Initiative (CBI) have mixed membership--regional integration organizations and individual country members.

[3] SACU comprises Botswana, South Africa, Lesotho, Namibia, and Swaziland.

U.S. Trade

Sub-Saharan Africa[4] comprises 48 countries with a total population of 574 million. Its total GDP of $259 billion in 1994, as estimated by the World Bank, resulted in a per-capita GDP of $451. Its large population and low income make the African sub-continent a market of enormous needs, but limited effective demand. Its rich endowment of natural resources--petroleum and other minerals, including diamonds and gold--have made Africa a source of over $15 billion dollars of U.S. imports in 1996, up 37 percent since 1994. The Sub-Saharan market for U.S. goods is much less, $6 billion in 1996, up 20 percent since 1994. A significant portion of these exports are destined for investment in oil production facilities. Growth in U.S. trade with Sub-Saharan Africa will depend on the ability of its countries to broaden the scope of political and economic reforms. The progress some countries have made in furthering regional market integration serves as an indicator or their readiness to trade more openly not only with their neighbors but, in time, with global trading partners.

Sub Regions

Southern Africa (SADC)

Summary: The Southern African Development Community (SADC) was founded initially to counter South Africa's apartheid policies. South Africa (now a dynamic participant in SADC) and its eleven southern African neighbors signed a free trade protocol last August, which aims to eliminate tariffs within eight years and adopt other trade liberalizing measures. As they proceed to reduce trade barriers between their borders, SADC members, which now comprise a market of 130 million people, are expected to become more open to global competition so that U.S. producers can anticipate wider market opportunities in southern Africa.

South Africa: South Africa took on a new leadership role following the release of Nelson Mandela from prison and the subsequent establishment of a racially free democracy. The United States lifted its trade embargo with South Africa and trade has resumed between the United States and South Africa. South Africa is the single largest economy among the United States' major export markets in the Sub-Saharan Africa region, with a GDP/GNP of $123.1 billion in 1994. Shipments of U.S. merchandise to South Africa were valued at $3.1 billion in 1996 and accounted for 10.9 percent of South Africa's total imports in 1995.

Southern African Development Community

South Africa is now a dynamic participant in the Southern African Development Community (SADC) which was founded initially to give its members a collective voice in addressing donors

[4] Sub-Saharan Africa comprises Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Djibouti, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome, and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zaire, and Zimbabwe.

to help develop a regional infrastructure independent of that in South Africa. SADC struck a unique chord in economic harmony in that it rose above country competition in the siting of facilities and developed a regional strategy on key topics such as communications, transportation, and industrial development. After South Africa joined its eleven southern African neighbors in SADC, they signed a free trade protocol in August 1996, which aims to eliminate tariffs within eight years and adopt other trade liberalizing measures. As they proceed to reduce trade barriers between their borders, SADC members, which now comprise a market of 130 million people, are expected to become more open to global competition so that U.S. producers can anticipate wider market opportunities in southern Africa.

West African Economic and Monetary Union

The West African Economic and Monetary Union (WAEMU) emerged in 1994 from earlier integration efforts and a pre-existing monetary union. Its members--Benin, Burkina, Cote d'Ivoire, Mali, Niger, Senegal, and Togo-- are pursuing full economic integration with a common external tariff, community value-added tax, and harmonized legal, regulatory and economic policies. Its total population of 60 million in an integrated market with minimal trade barriers could become a significant market for U.S. producers if it can loosen its ties to its European patrons. Currently Cote d'Ivoire, with a population of 13 million, is the largest of the group and U.S. exports doubled to $172 million between 1993 and 1995, although they declined to $142 in 1996.

If Nigeria, which was a member of WAEMU's predecessor, were to join the new effort, its 100 million people would more than double this West African market. U.S. imports from Nigeria average $5 billion a year, mainly oil imports. By comparison, Nigeria's imports from the United States are relatively small, but growing, rising from $602 million in 1995 to $816 million in 1996. This hefty 36 percent increase in exports to Nigeria, together with a 13 percent increase in U.S. exports to South Africa, accounted for 78 percent of the total increase of U.S. exports to Sub-Saharan Africa.

Common Market for Eastern and Southern Africa

The Common Market for Eastern and Southern Africa (COMESA)[5] was established in 1994 to revive the work of its predecessor, the Preferential Trading Area. However, because COMESA's membership includes ten members of SADC, there has been some concern about duplication of efforts. A more recent and more limited effort at integration in East Africa was effected by Kenya, Tanzania and Uganda, which set up once again the Permanent Tripartite Commission of the East African Community which had previously been a close union from 1967 to 1977. The currencies of these countries have been made convertible and priority is being given to develop transportation and communications, as well as harmonization of fiscal and monetary policies.

[5] COMESA members include SADC members (except South Africa and Botswana) and Burkina Faso, Comoros, Eritrea, Kenya, and Madagascar.

Cross Border Initiative

A different approach to trade liberalization has been sponsored as an umbrella effort by the multilateral banks which will provide some funding to facilitate its success. Called the Cross Border Initiative (CBI)[6], it seeks to coordinate the efforts of existing regional integration organizations such as SADC, COMESA and the Indian Ocean Commission, and involves fourteen individual countries. CBI is guided by four principles: deep integration by removing barriers to factor flows; establishment of comparative advantage; achievement of integration; through external trade liberalization; and self-selected pace of liberalization. If CBI can deal with the concerns caused by disparities in the pace of and approaches to liberalization, CBI may accelerate liberalization and widen the scope of participation, even though it lacks political autonomy. This in turn is likely to open African markets to U.S. producers, but it is unlikely to develop into an integrated market area with which a free trade agreement could be negotiated. It would appear that the regional units will remain the candidates for any such agreements.

Middle East

While significant obstacles to increased trade and investment exist throughout the Middle East, many countries in the region are taking steps to integrate their economies into the world trading system. Most countries of the region are members of the World Trade Organization. Saudi Arabia, Oman, and Jordan are currently in the WTO accession process.

Inadequate protection of intellectual property rights remains a serious problem throughout the region, causing hundreds of millions of dollars in lost sales of U.S. videocassettes, software, and pharmaceuticals. Some countries in the region continue to maintain high tariffs and a range of non-tariff barriers in order to protect their domestic markets.

The United States favors strengthening common action among Gulf Cooperation Council members (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates), as well as enhancing U.S.-GCC economic and commercial ties. The U.S. Government engages in high-level economic policy talks with GCC members through the U.S.-GCC Economic Dialogue.

Israel remains a key U.S. trading partner in the region. The United States negotiated a free trade agreement with Israel in 1985. The tariff reductions in the agreement were fully phased in by January 1, 1995. Under the Free Trade Area Agreement, the United States and Israel had differing interpretations as to the meaning of certain rights and obligations related to agricultural products, and Israel maintained significant restrictions on imports of many of these U.S. products.

In the interest of achieving practical improvements in agricultural trade between the two countries, the United States and Israel entered into an agreement on a five-year program of

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[6] CBI member countries are Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

gradual and steady improvement in agricultural market access, signed on November 4, 1996. Israel is now undertaking to make concessions on a wide range of priority U.S. commodities.

In 1996, the President also signed legislation and a subsequent proclamation which initiated duty-free treatment of products from the West Bank and Gaza Strip. The intent of the legislation is to spur export-related economic development in the region. This trade initiative is one element of tangible U.S. support for the Middle-East peace process, facilitating enhanced economic cooperation among Israel, Jordan, Egypt and the Palestinian Authority. Products of the West Bank and Gaza Strip and of industrial zones established on the borders of Israel and Jordan and Israel and Egypt will enjoy duty-free entry into the United States, treatment identical to that currently provided products of Israel under the Israel-U.S. Free Trade Agreement.

Egypt is also an important market in the region for U.S. products, especially agriculture. In 1991, Egypt began a program of trade liberalization, eliminating many non-tariff barriers and significantly reducing tariffs. Continuing liberalization promises now opportunities for U.S. exporters. The U.S. considers Egypt’s economic reform and trade liberalization to be a key element of the Gore/Mubarak Economic Partnership.

Western Europe

European Union

The European Union (EU), composed of 15 industrialized western European countries -- Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom -- is the world's largest trading entity. The EU is also our second largest trading partner, with two-way merchandise trade totaling about $270 billion after. In 1996, U.S. merchandise exports to, and imports from, the EU increased, and for the fourth consecutive year, the United States ran a merchandise trade deficit with the EU, though services trade has in recent years tended to more than compensate for the goods trade deficit.

The United States and the EU are the world's largest zones of prosperity and both have mature, highly-diversified economies. There is a rough equivalence in merchandise trade in almost every large sector and the EU is an important consumer of high-value added U.S. products. The EU is a large purchaser of goods and services from U.S. growth industries, including telecommunications, financial services, aerospace, pharmaceuticals, audiovisual, and computers.

The U.S. and EU economies have also become increasingly interdependent through direct investment and joint ventures. Direct investment in the EU amounted to $320 billion in 1995, representing about 45 percent of total U.S. direct foreign investment. The growing interdependence of the two economies has created pressure for closer harmonization of the two trading regimes and regulatory structures, resulting in far greater attention to such items as mutual recognition of standards, protection of intellectual property rights, and coordination of approaches to labor standards and environmental concerns.

In most sectors, U.S. producers have good access to EU markets and can compete on a fair basis, The EU's implementation of the Single Market program (EC-92) has been generally beneficial to U.S. investors and exporters by breaking down internal EU barriers to trade, thereby creating a more cohesive market. This transformation of the EU’s internal market is in turn fostering a more efficient allocation of U.S. firms' resources among the EU member states, thereby improving these firms’ competitiveness.

Because of the similarity in the economies of the U.S. and EU, our ability to compete is often strongly affected by EU sectoral policies. Fortunately, many of the EU's most restrictive trade practices were eliminated through the Uruguay Round’s tariff cuts and extension of GATT disciplines to services, intellectual property and investment. However, though the EU has a largely open trading regime, there are still a number of sectors which are not sufficiently open to U.S. producers. These sectors tend to be politically or symbolically powerful and heavily reliant on government subsidies. The EU Utilities Procurement Directive limits access to the enormous public telecommunications network and market for telecommunications equipment (e.g. central switches) and services. The EU Broadcast Directive limits access to the lucrative audio-visual market by reserving 50 percent of broadcast programming for European works. The EU also heavily subsidizes certain industries, to the competitive detriment of U.S. producers; these sectors include civil aircraft, steel, shipbuilding, and coal.

European Free Trade Area

The European Free Trade Area (EFTA) was established in 1960 as an alternative to the European Economic Community (EU) and now includes only Norway, Switzerland, Iceland, and Liechtenstein. Austria, Finland, and Sweden are the most recent former EFTA members to have negotiated respective terms of accession and now are EU members. In 1994 the separate European Economic Area (EEA) was established to encourage European economic integration and includes Norway, Iceland, Liechtenstein and all EU member states. The EEA brings over 70 percent of EFTA's trade regulations into conformity with those of the EU. This is providing, on balance, opportunities to U.S. businesses. Many regulations now conform to EU norms, making investment easier. Barriers to U.S. trade have fallen in many areas as the former EFTA states adopt EU regulations and as the Uruguay Round continues to be implemented.

Switzerland's application of GATT norms provides excellent opportunities and guarantees for trade and investment. However, Switzerland does continue to maintain significant barriers to agricultural trade, and Switzerland's banking sector continues to lack adequate transparency. Switzerland also provides certain trade advantages to EU and EFTA firms through a series of bilateral treaties.

Central and Eastern Europe

Overview

Economic Reforms and Growth

During 1996, most Central European countries continued to make progress in their efforts to transform centrally planned economies into market-oriented systems. Since the formal dissolution of the Soviet Union at the end of 1991, each of the independent republics has also been working towards this goal; however, progress in some of these countries is limited. The nature of the reforms adopted and the speed with which they are being implemented varies considerably from country to country.

The United States has actively supported political and economic reforms in Central and Eastern Europe. The United States continues to provide financial, technical, and administrative assistance designed to support movement toward democracy and market economies.

A primary focus of U.S. efforts has been to construct a framework for the rapid expansion of trade and investment between the United States and Central and Eastern Europe. This framework includes negotiating trade agreements to extend most-favored-nation (MFN) tariff treatment and intellectual property rights (IPR) protection, extending Generalized System of Preferences (GSP) benefits to eligible countries, encouraging adoption of WTO provisions in these countries' trade regimes, and negotiating bilateral investment treaties which guarantee compensation for expropriation, transfers in convertible currency, and the use of appropriate dispute settlement procedures.

U.S. Trade

Two-way trade between the United States and Central and Eastern Europe has expanded at a rapid pace in recent years. U.S. exports to Central and Eastern Europe have fluctuated in a generally upward trend since 1990, while U.S. imports from this region have surged. Accordingly, the U.S. trade balance has shifted from a surplus to, beginning in 1994, a deficit.

U.S. exports to Central and Eastern Europe are primarily food items (principally meat and wheat) and machinery and transport equipment (principally aircraft and telecommunications equipment). U.S. imports from this region include manufactured goods (principally articles of aluminum, iron, and nonalloy steel) and chemicals (principally radioactive materials and inorganic chemicals).

Sub Regions

Central Europe

Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia are members of the WTO. WTO accession working parties have been established for Albania, Croatia, Macedonia, and the Baltic Republics (Estonia, Latvia, and Lithuania).

All Central European countries have MFN status. The United States has trade agreements with all Central European countries except the Republics of the former Yugoslavia and Poland. Where these countries are covered by the Jackson-Vanik Amendment to the Trade Act of 1974, the President has either certified that these countries are in compliance with the freedom of emigration provision or has waived the requirement. In December 1991, Congress affirmed that Title IV of the Trade Act of 1974 does not apply to the Baltic Republics. Pursuant to special legislation, the President removed the following countries from Title IV and accorded them unconditional MFN status: the Czech and Slovak Federal Republic (April 1992), Hungary (April 1992), Bulgaria (September 1996), and Romania (November 1996). The Jackson-Vanik Amendment never applied to Poland or the former Yugoslavia. As part of U.S. sanctions policy, the President revoked MFN from Serbia; on January 16, 1996, certain sanctions were dropped pursuant to the peace accords negotiated in Dayton, Ohio, although MFN was not restored.

In Central Europe, the United States has BITs in force with Bulgaria, the Czech Republic, Estonia, Latvia, Poland, Romania, and Slovakia. The BIT with Albania awaits an exchange of instruments ratification, while the BIT with Croatia has not yet been ratified by either party.

The United States is a major investor in many countries in the region, and is the principal foreign investor in Hungary and Poland. In trade of goods, however, the size of U.S. exports to and imports from the Central European countries is dwarfed by trade between those countries and the countries of the EU. By the end of 1994, most of the Central European countries had concluded Association Agreements with the EU. These include tariff preferences both for Central European countries' imports from the EU and EU imports from the Central European countries.

Russia

Russia is in the process of acceding to the World Trade Organization (WTO). Russia is the single largest economy among the United States' major export markets in the Central and Eastern Europe region, with a GDP/GNP of $393.0 billion in 1994. Shipments of U.S. merchandise to Russia were valued at $3.3 billion in 1996 and accounted for 5.7 percent of Russia's total imports in 1995.

Trade relations between the United States and Russia are governed by the U.S.-Russia trade agreement, signed in June 1990 with the USSR and approved by the U.S. Congress in November 1991. The USSR ceased to exist before ratification of the agreement, but the United States offered the agreement (with minor technical changes) to each of the emerging states of the former Soviet Union. The Russian Parliament approved the agreement, making it possible for the United

States to extend most-favored-nation status to Russia on June 17, 1992. A BIT with Russia has been approved by the U.S. Senate but is awaiting Russian ratification.

Ukraine

A WTO accession working parties have been established for Ukraine. Ukraine is the second largest economy among the United States' major export markets in the Central and Eastern Europe region, with a GDP/GNP of $99.1 billion in 1994. Shipments of U.S. merchandise to Ukraine were valued at $394 million in 1996 and accounted for 1.7 percent of Ukraine's total imports in 1995.

Most MFN tariffs in Ukraine range from zero to 30 percent, although tariffs on some items are 40-50 percent. In November 1996, Ukraine raised its tariffs on a number of agricultural products. Imports are also assessed a 20 percent VAT and, in some instances, an excise tax. Ukraine has implemented over the last two years a set of intellectual property laws, including laws covering patents, industrial designs, trademarks, plant varieties, and copyrights. Enforcement remains sporadic and inadequate, however. Ukraine passed a law on foreign investment in 1996 which provides certain protections, including general guarantees against expropriations, unhindered transfer of profits and post-tax revenues, and a ten-year guarantee against changes in legislation that affect companies operating in Ukraine.

Other Newly Independent States (NIS)

The countries reviewed in this section are: Armenia, Azerbaijan, Belarus, Georgia, Kazakstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan. WTO accession working parties have been established for Armenia, Belarus, Georgia, Kazakstan, Kyrgyzstan, and Uzbekistan.

All NIS republics have MFN status. In addition, the United States has trade agreements with all of the NIS republics.

The United States has BITs in force with five NIS countries -- Armenia, Moldova, Kazakstan, Kyrgyzstan, and Ukraine. Belarus, Georgia, and Uzbekistan have also signed BITs with the United States. The BITs with Belarus and Georgia are awaiting exchange of the instruments of ratification, while the BIT with Uzbekistan has not yet been ratified by either party. Discussions for BITs are underway with the majority of other NIS countries.

Trade with the NIS has been growing from a small base, but is restricted due to the limited infrastructure, income and foreign exchange resources in these countries. In addition to changing legal structures and banking systems, the NIS are struggling with currency convertibility problems, inflation, and unemployment. Many of these countries also lack adequate road systems, power supplies, and communication structures. However, despite difficult commercial environments, U.S. companies are pursuing business opportunities.

PART II:
ECONOMIC DATA ON
U.S. TRADING PARTNERS

Table 1: Data on the 100 largest national markets for U.S. exports (ranked by U.S. export value)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
1. Canada	132,584	569.7	156,506	80.4
2. Japan	67,536	4,328.8	115,218	22.6
3. Mexico	56,761	369.9	72,963	74.5
4. United Kingdom	30,916	1,071.1	28,892	12.2
5. Korea (Republic of)	26,583	367.6	22,667	22.5
6. Germany	23,474	2,084.8	38,943	7.5
7. Taiwan	18,413	257.0	29,911	18.6
8. Singapore	16,685	65.3	20,340	15.1
9. Netherlands	16,615	339.0	6,617	3.8
10. France	14,428	1,356.0	18,630	5.8
11. Hong Kong	13,956	132.1	9,867	21.8
12. Brazil	12,699	472.5	8,762	21.1
13. Belgium	12,520	231.0	6,799	8.5
14. Australia	11,992	320.4	3,323	21.9
15. China (PRC)	11,978	631.2	51,495	12.2
16. Italy	8,785	1,102.0	18,222	4.8
17. Malaysia	8,521	68.6	17,825	21.3

Table 1: Data on the 100 largest national markets for U.S. exports (ranked by U.S. export value)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
18. Switzerland	8,370	265.5	7,793	6.4
19. Saudi Arabia	7,295	125.5	8,781	21.4
20. Thailand	7,211	139.8	11,336	11.5
21. Philippines	6,125	63.7	8,162	18.4
22. Israel	6,009	78.5	6,426	17.8
23. Spain	5,486	525.5	4,281	6.4
24. Venezuela	4,741	58.5	12,903	42.1
25. Colombia	4,709	60.6	4,273	39.1
26. Argentina	4,516	277.4	2,278	22.9
27. Chile	4,132	49.3	2,256	24.7
28. Indonesia	3,965	167.6	8,213	9.5
29. Ireland	3,660	48.7	4,798	17.7
30. Sweden	3,429	207.1	7,158	5.3
31. Russia	3,340	393.0	3,561	5.7
32. India	3,318	292.4	6,169	9.7
33. Dominican Republic	3,183	10.1	3,575	44.1
34. Egypt	3,146	40.9	665	18.9
35. South Africa	3,106	123.1	2,323	10.9
36. Turkey	2,886	152.0	1,777	10.4
37. United Arab Emirates	2,527	36.2	496	8.1
38. Finland	2,438	96.1	2,345	7.1
39. Austria	2,009	197.0	2,199	3.3
40. Kuwait	1,979	31.1	1,640	23.5
41. Costa Rica	1,814	7.9	1,974	52.3

Table 1: Data on the 100 largest national markets for U.S. exports (ranked by U.S. export value)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
42. Peru	1,767	49.0	1,261	26.7
43. Denmark	1,730	145.4	2,137	3.8
44. New Zealand	1,727	46.7	1,464	18.7
45. Honduras	1,641	3.5	1,796	55.5
46. Guatemala	1,564	12.4	1,673	46.8
47. Norway	1,558	113.5	3,869	6.7
48. Jamaica	1,491	3.9	839	75.9
49. Panama	1,378	6.7	346	12.5
50. Pakistan	1,277	54.3	1,266	9.3
51. Ecuador	1,257	14.3	1,916	30.8
52. El Salvador	1,072	7.6	1,074	40.2
53. Poland	968	92.8	627	3.9
54. Portugal	960	92.3	1,016	3.3
55. Paraguay	897	7.6	42	19.3
56. Greece	820	80.1	496	6.2
57. Nigeria	816	30.2	5,849	11.1
58. Bahamas	725	4.4	165	29.4
59. Trinidad and Tobago	665	4.9	1,017	50.6
60. Algeria	632	45.2	2,103	8.0
61. Lebanon	627	15.8	41	10.1
62. Vietnam	616	14.4	319	10.6
63. Netherlands Antilles	528	1.9	663	28.4
64. Uruguay	484	14.9	260	9.9

Table 1: Data on the 100 largest national markets for U.S. exports (ranked by U.S. export value)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
65. Morocco	476	30.1	252	6.6
66. Haiti	474	1.6	143	65.0
67. Czech Republic	410	33.0	482	2.2
68. Ukraine	394	99.1	507	1.7
69. Brunei	375	4.4	49	5.9
70. Uzbekistan	352	21.5	157	2.8
71. Jordan	345	5.8	25	9.3
72. Hungary	331	39.6	677	3.1
73. French Guiana	301	0.8	5	3.3
74. Ghana	295	6.8	171	6.9
75. Bermuda	282	1.7	11	41.5
76. Bolivia	269	5.5	275	20.9
77. Angola	268	6.1	2,687	15.9
78. Romania	266	28.8	249	4.2
79. Nicaragua	262	1.4	350	26.3
80. Iceland	257	6.2	236	8.4
81. Cyprus	257	7.3	17	13.0
82. Yemen	256	4.1	27	7.7
83. Bahrain	244	4.9	115	6.8
84. Luxembourg	242	16.4	203	N/A
85. Syria	226	4.4	15	4.1
86. Aruba	225	1.1	558	N/A
87. Suriname	222	1.2	97	42.4
88. Barbados	222	1.7	41	35.5

Table 1: Data on the 100 largest national markets for U.S. exports (ranked by U.S. export value)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
89. Oman	215	10.8	411	5.0
90. Sri Lanka	211	11.5	1,393	15.0
91. Bangladesh	210	25.9	1,343	6.1
92. Cayman Islands	208	0.7	17	N/A
93. Qatar	207	10.7	157	8.4
94. Turkmenistan	201	N/A	0	2.7
95. Tunisia	189	15.8	76	5.9
96. Latvia	165	5.8	99	1.9
97. Ethiopia	148	5.1	35	12.0
98. Cote d'Ivoire	141	7.5	397	5.9
99. Kazakstan	138	55.2	114	1.6
100. Bulgaria	137	10.5	126	2.6
Total Presented	614,796		784,118	
World	622,827		791,315	

Note . -- GDP/GNP data have been converted to U.S. dollars at market exchange rates except for the following countries (for which GDP/GNP data were converted to U.S. dollars at purchasing power parity exchange rates): Angola, Aruba, Bahamas, Bermuda, Brunei, Cayman Islands, French Guiana, Lebanon, Netherlands Antilles, Qatar, and Suriname. For the following countries, the most recent reliable GDP/GNP data available were from 1993: Aruba, Brunei, Cayman Islands, and French Guiana.

Source: Compiled from the World Bank Development Report 1996, the IMF Direction of Trade Yearbook 1996, the U.S. Bureau of the Census, and other sources.

Table 2: Data on the 100 largest national markets for U.S. exports (ranked by size of domestic economy)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
1. Japan	67,536	4,328.8	115,218	22.6
2. Germany	23,474	2,084.8	38,943	7.5
3. France	14,428	1,356.0	18,630	5.8
4. Italy	8,785	1,102.0	18,222	4.8
5. United Kingdom	30,916	1,071.1	28,892	12.2
6. China (PRC)	11,978	631.2	51,495	12.2
7. Canada	132,584	569.7	156,506	80.4
8. Spain	5,486	525.5	4,281	6.4
9. Brazil	12,699	472.5	8,762	21.1
10. Russia	3,340	393.0	3,561	5.7
11. Mexico	56,761	369.9	72,963	74.5
12. Korea (Republic of)	26,583	367.6	22,667	22.5
13. Netherlands	16,615	339.0	6,617	3.8
14. Australia	11,992	320.4	3,323	21.9
15. India	3,318	292.4	6,169	9.7
16. Argentina	4,516	277.4	2,278	22.9
17. Switzerland	8,370	265.5	7,793	6.4
18. Taiwan	18,413	257.0	29,911	18.6
19. Belgium	12,520	231.0	6,799	8.5
20. Sweden	3,429	207.1	7,158	5.3
21. Austria	2,009	197.0	2,199	3.3
22. Indonesia	3,965	167.6	8,213	9.5
23. Turkey	2,886	152.0	1,777	10.4
24. Denmark	1,730	145.4	2,137	3.8

Table 2: Data on the 100 largest national markets for U.S. exports (ranked by size of domestic economy)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
25. Thailand	7,211	139.8	11,336	11.5
26. Hong Kong	13,956	132.1	9,867	21.8
27. Saudi Arabia	7,295	125.5	8,781	21.4
28. South Africa	3,106	123.1	2,323	10.9
29. Norway	1,558	113.5	3,869	6.7
30. Ukraine	394	99.1	507	1.7
31. Finland	2,438	96.1	2,345	7.1
32. Poland	968	92.8	627	3.9
33. Portugal	960	92.3	1,016	3.3
34. Greece	820	80.1	496	6.2
35. Israel	6,009	78.5	6,426	17.8
36. Malaysia	8,521	68.6	17,825	21.3
37. Singapore	16,685	65.3	20,340	15.1
38. Philippines	6,125	63.7	8,162	18.4
39. Colombia	4,709	60.6	4,273	39.1
40. Venezuela	4,741	58.5	12,903	42.1
41. Kazakstan	138	55.2	114	1.6
42. Pakistan	1,277	54.3	1,266	9.3
43. Chile	4,132	49.3	2,256	24.7
44. Peru	1,767	49.0	1,261	26.7
45. Ireland	3,660	48.7	4,798	17.7
46. New Zealand	1,727	46.7	1,464	18.7
47. Algeria	632	45.2	2,103	8.0

Table 2: Data on the 100 largest national markets for U.S. exports (ranked by size of domestic economy)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
48. Egypt	3146	40.9	665	18.9
49. Hungary	331	39.6	677	3.1
50. United Arab Emirates	2,527	36.2	496	8.1
51. Czech Republic	410	33.0	482	2.2
52. Kuwait	1,979	31.1	1,640	23.5
53. Nigeria	816	30.2	5,849	11.1
54. Morocco	476	30.1	252	6.6
55. Romania	266	28.8	249	4.2
56. Bangladesh	210	25.9	1,343	6.1
57. Uzbekistan	352	21.5	157	2.8
58. Luxembourg	242	16.4	203	N/A
59. Lebanon	627	15.8	41	10.1
60. Tunisia	189	15.8	76	5.9
61. Uruguay	484	14.9	260	9.9
62. Vietnam	616	14.4	319	10.6
63. Ecuador	1,257	14.3	1,916	30.8
64. Guatemala	1,564	12.4	1,673	46.8
65. Sri Lanka	211	11.5	1,393	15.0
66. Oman	215	10.8	411	5.0
67. Qatar	207	10.7	157	8.4
68. Bulgaria	137	10.5	126	2.6
69. Dominican Republic	3,183	10.1	3,575	44.1

Table 2: Data on the 100 largest national markets for U.S. exports (ranked by size of domestic economy)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
70. Costa Rica	1,814	7.9	1,974	52.3
71. El Salvador	1,072	7.6	1,074	40.2
72. Paraguay	897	7.6	42	19.3
73. Cote d'Ivoire	141	7.5	397	5.9
74. Cyprus	257	7.3	17	13.0
75. Ghana	295	6.8	171	6.9
76. Panama	1,378	6.7	346	12.5
77. Iceland	257	6.2	236	8.4
78. Angola	268	6.1	2,687	15.9
79. Latvia	165	5.8	99	1.9
80. Jordan	345	5.8	25	9.3
81. Bolivia	269	5.5	275	20.9
82. Ethiopia	148	5.1	35	12.0
83. Bahrain	244	4.9	115	6.8
84. Trinidad and Tobago	665	4.9	1,017	50.6
85. Bahamas	725	4.4	165	29.4
86. Syria	226	4.4	15	4.1
87. Brunei	375	4.4	49	5.9
88. Yemen	256	4.1	27	7.7
89 Jamaica	1,491	3.9	839	75.9
90. Honduras	1,641	3.5	1,796	55.5
91. Netherlands Antilles	528	1.9	663	28.4

Table 2: Data on the 100 largest national markets for U.S. exports (ranked by size of domestic economy)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
92. Barbados	222	1.7	41	35.5
93. Bermuda	282	1.7	11	41.5
94. Haiti	474	1.6	143	65.0
95. Nicaragua	262	1.4	350	26.3
96. Suriname	222	1.2	97	42.4
97. Aruba	225	1.1	558	N/A
98. French Guiana	301	0.8	5	3.3
99. Cayman Islands	208	0.7	17	N/A
100. Turkmenistan	201	N/A	0	2.7
Total Presented	614,796		784,118	
World	622,827		791,315	

Note . -- GDP/GNP data have been converted to U.S. dollars at market exchange rates except for the following countries (for which GDP/GNP data were converted to U.S. dollars at purchasing power parity exchange rates): Angola, Aruba, Bahamas, Bermuda, Brunei, Cayman Islands, French Guiana, Lebanon, Netherlands Antilles, Qatar, and Suriname. For the following countries, the most recent reliable GDP/GNP data available were from 1993: Aruba, Brunei, Cayman Islands, and French Guiana.

Source: Compiled from the World Bank Development Report 1996, the IMF Direction of Trade Yearbook 1996, the U.S. Bureau of the Census, and other sources.

Table 3: Data on the 100 largest national markets for U.S. exports (ranked by U.S. share of imports)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
1. Canada	132,584	569.7	156,506	80.4
2. Jamaica	1,491	3.9	839	75.9
3. Mexico	56,761	369.9	72,963	74.5
4. Haiti	474	1.6	143	65.0
5. Honduras	1,641	3.5	1,796	55.5
6. Costa Rica	1,814	7.9	1,974	52.3
7. Trinidad and Tobago	665	4.9	1,017	50.6
8. Guatemala	1,564	12.4	1,673	46.8
9. Dominican Republic	3,183	10.1	3,575	44.1
10. Suriname	222	1.2	97	42.4
11. Venezuela	4,741	58.5	12,903	42.1
12. Bermuda	282	1.7	11	41.5
13. El Salvador	1,072	7.6	1,074	40.2
14. Colombia	4,709	60.6	4,273	39.1
15. Barbados	222	1.7	41	35.5
16. Ecuador	1,257	14.3	1,916	30.8
17. Bahamas	725	4.4	165	29.4
18. Netherlands Antilles	528	1.9	663	28.4
19. Peru	1,767	49.0	1,261	26.7
20. Nicaragua	262	1.4	350	26.3
21. Chile	4,132	49.3	2,256	24.7
22. Kuwait	1,979	31.1	1,640	23.5
23. Argentina	4,516	277.4	2,278	22.9

Table 3: Data on the 100 largest national markets for U.S. exports (ranked by U.S. share of imports)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
24. Japan	67,536	4,328.8	115,218	22.6
25. Korea (Republic of)	26,583	367.6	22,667	22.5
26. Australia	11,992	320.4	3,323	21.9
27. Hong Kong	13,956	132.1	9,867	21.8
28. Saudi Arabia	7,295	125.5	8,781	21.4
29. Malaysia	8,521	68.6	17,825	21.3
30. Brazil	12,699	472.5	8,762	21.1
31. Bolivia	269	5.5	275	20.9
32. Paraguay	897	7.6	42	19.3
33. Egypt	3,146	40.9	665	18.9
34. New Zealand	1,727	46.7	1,464	18.7
35. Taiwan	18,413	257.0	29,911	18.6
36. Philippines	6,125	63.7	8,162	18.4
37. Israel	6,009	78.5	6,426	17.8
38. Ireland	3,660	48.7	4,798	17.7
39. Angola	268	6.1	2,687	15.9
40. Singapore	16,685	65.3	20,340	15.1
41. Sri Lanka	211	11.5	1,393	15.0
42. Cyprus	257	7.3	17	13.0
43. Panama	1,378	6.7	346	12.5
44. China (PRC)	11,978	631.2	51,495	12.2
45. United Kingdom	30,916	1,071.1	28,892	12.2
46. Ethiopia	148	5.1	35	12.0
47. Thailand	7,211	139.8	11,336	11.5

Table 3: Data on the 100 largest national markets for U.S. exports (ranked by U.S. share of imports)				
Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
48. Nigeria	816	30.2	5,849	11.1
49. South Africa	3,106	123.1	2,323	10.9
50. Vietnam	616	14.4	319	10.6
51. Turkey	2,886	152.0	1,777	10.4
52. Lebanon	627	15.8	41	10.1
53. Uruguay	484	14.9	260	9.9
54. India	3,318	292.4	6,169	9.7
55. Indonesia	3,965	167.6	8,213	9.5
56. Jordan	345	5.8	25	9.3
57. Pakistan	1,277	54.3	1,266	9.3
58. Belgium	12,520	231.0	6,799	8.5
59. Qatar	207	10.7	157	8.4
60. Iceland	257	6.2	236	8.4
61. United Arab Emirates	2,527	36.2	496	8.1
62. Algeria	632	45.2	2,103	8.0
63. Yemen	256	4.1	27	7.7
64. Germany	23,474	2,084.8	38,943	7.5
65. Finland	2,438	96.1	2,345	7.1
66. Ghana	295	6.8	171	6.9
67. Bahrain	244	4.9	115	6.8
68. Norway	1,558	113.5	3,869	6.7
69. Morocco	476	30.1	252	6.6
70. Spain	5,486	525.5	4,281	6.4

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Partner	U.S. Exports in 1996 ($ Million)	GDP/GNP in 1994 ($ Billion)	U.S. Imports in 1996 ($ Million)	U.S. Share of Imports in 1995 (%)
71. Switzerland	8,370	265.5	7,793	6.4
72. Greece	820	80.1	496	6.2
73. Bangladesh	210	25.9	1,343	6.1
74. Cote d’Ivoire	141	7.5	397	5.9
75. Brunei	375	4.4	49	5.9
76. Tunisia	189	15.8	76	5.9
77. France	14,428	1,356.0	18,630	5.8
78. Russia	3,340	393.0	3,561	5.7
79. Sweden	3,429	207.1	7,158	5.3
80. Oman	215	10.8	411	5.0
81. Italy	8,785	1,102.0	18,222	4.8
82. Romania	266	28.8	249	4.2
83. Syria	226	4.4	15	4.1
84. Poland	968	92.8	627	3.9
85. Netherlands	16,615	339.0	6,617	3.8
86. Denmark	1,730	145.4	2,137	3.8
87. Portugal	960	92.3	1,016	3.3
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89. Austria	2,009	197.0	2,199	3.3
90. Hungary	331	39.6	677	3.1
91. Uzbekistan	352	21.5	157	2.8
92. Turkmenistan	201	N/A	0	2.7
93. Bulgaria	137	10.5	126	2.6
94. Czech Republic	410	33.0	482	2.2

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95. Latvia	165	5.8	99	1.9
96. Ukraine	394	99.1	507	1.7
97. Kazakstan	138	55.2	114	1.6
98. Aruba	225	1.1	558	N/A
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